

Strategic View Of Our Finances Going Forward

Anant Sahai IT-Soc Treasurer

The 2009 IEEE IT Society budget has been formed and is described in the accompanying report. This short report is designed to help the BOG as a whole understand what is going on at a higher level. As you know, we are at the mercy of the IEEE for a great many financial inputs. What follows is an approximate analysis that should reveal the current trends. Most of our revenue is out of our hands:

Xplore revenue from Transactions	700K
Xplore revenue from Conference papers	200K for 2009 80K longer term

These two are mostly in the hands of the IEEE. The conference number will change since it comes from our being the beneficiaries of a completely outdated the formula.

We have slight control of the Transactions revenue since it is apportioned depending on how many PDFs are downloaded from people who are **not** signed in using their member number or any other official IEEE account. Basically, this is papers downloaded through Xplore from institutional subscribers. Last year, each such click brought us 70 cents. This means that we are helped by papers getting into Transactions in a timely fashion and are somewhat hurt by long-lived preprints on the web. Thus reducing our sub-to-pub time will likely improve our revenues, but it is hard to predict by how much.

We have some minor control over the following sources of revenue in that we can set the prices. The following assumes that we do not raise prices.

Nonmember and other subscriptions to transactions	300K
Membership fees	80K

Whether it is worth increasing membership depends on whether we believe that a member is likely over the course of the year to shift ~50 PDF downloads onto their member number and away from their institution. At that point, we probably lose money. The best case is members who only download PDFs through their institute subscriptions.

In the long run, the total annual non-conference income comes to **1160K**.

Now let us start including the expenses that we have. We start with the big terms that we have no to little control of.

Tribute (officially Administration) paid to our IEEE overlords	-335.2K
Transactions creation expenses (partially a function of our page budget)	-554K
Transactions printing expenses (mostly a function of the page budget)	-160K

So far, we are at -1049.2K in expenses. This leaves us about 110K to play with.

But there are some more expenses that we want to have to serve the members:

Newsletter	-35K
Student committee	-15K
Awards Luncheon, Awards, and BOG meetings	-50K
Women in IT and other such small initiatives	-3K

At this point, we just have 7K left. Let us carry over some big initiatives that seem likely to continue into the future.

Summer school for students	-20K
Online innovations (website, Pareja, etc.)	-60K

At this point, we are into the red by about **73K**. In typical years, this would entirely be offset by investment returns on our roughly 2500K reserves. That is why we are permitted to have a net negative budget. The limit of our net negative is 3% of our reserves. That would permit us to go till roughly -75K.

At this point, we should bring into consideration the main income/expense that we actually have control over: conferences.

Conservative ISIT Surplus	40K
Conservative ITW Surplus	5K

This results in an another ~45K that could be spent on sustained annual expenses as we go forward. Steadily raising our journal prices by the recommendations of the IEEE also generates approximately ~40K.

This means that we can have upto approximately 80K available if we want to raise rates and run as close to the line as we are permitted. To put this in context, this translates to:

Student travel grants (waiving ISIT reg)	About 200 students
Student travel grants (registrations plus 1K in travel)	About 55 students
Distinguished lecturer support (\$2.5K per trip)	About 32 trips

However, all of the above sample expenses are somewhat optional and we can control them if our finances shift. A more serious commitment would be if we wanted to hire a staff person. In that case, we would have to think of the summer school and online upgrades as being optional expenses that can be dropped if necessary.

For one-time expenses, we can also spend 50% of the previous year's operational surplus. However, while this is an opportunity in the short run (approximately 700K in the rest of 2008, about 300K between this and the conference revenue in 2009 if we don't incur any major new expenses this year, and maybe 60K in 2010 if we don't spend in 2009), it is not going to happen on a regular basis if we aim to run ourselves below the breakeven point, counting on investment returns to keep us net positive.